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NO. 0130C GOLDMINES INC., N.Y. 10028 • (415) 267-7800

AMERICAN CANCER SOCIETY, INC.

219 East 42nd Street
New York, N.Y. 10017

History & Structure

The American Cancer Society was organized primarily by physicians in 1913. The Society was incorporated as a non-profit organization in New York State in 1922 as the American Society For The Control Of Cancer and adopted its present name in 1944.

The Society is now composed of a National Society, with 58 chartered Divisions and nearly 3,100 Units throughout the United States.

For the National Society, a 182 member "House of Delegates" provides a basic representation for the 58 divisions. It elects and is governed by a 107 member board of directors.

A full-time total staff of 1900 administer the A.C.S. National Headquarters (300 people), the divisions and local units.

Purpose of A.C.S.

The American Cancer Society describes its purpose as follows:

"The American Cancer Society, Inc. is a voluntary organization ... to conquer cancer. It is a national organization fighting cancer through programs of research, education, and service."

Fund Raising

The A.C.S.'s primary source of funds is public contributions. It launches a "Cancer Crusade" in the Spring, reaching a

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climax in April, which is designated "Cancer Control Month" by the President of the United States. Contributions are tax deductible by the donor.

Combined Sources of Income (000's)

<u>Direct Support</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Contributions	\$38,590	\$41,071	\$38,392	\$40,827
Special Events	N/A	N/A	828	1,047
Endowment Bequests	N/A	N/A	2	903
Other Bequests	11,674	9,996	11,809	13,504
<u>Indirect Support</u>				
Federal Gov. & Co. Drives	<u>N/A</u>	<u>N/A</u>	<u>4,191</u>	<u>4,732</u>
<u>Total Public Support</u>	<u>\$50,264</u>	<u>\$51,067</u>	<u>\$55,222</u>	<u>\$61,013</u>
Grants from other Agencies	N/A	N/A	\$ 102	\$ 50
Investment Income	\$ 2,467	\$ 3,130	3,412	3,941
Misc. Income	207	173	257	222
Total Income	<u>\$52,938</u>	<u>\$54,370</u>	<u>\$58,993</u>	<u>\$65,226</u>
<u>Sources of Income (as %)</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Contributions	73%	75%	65%	63%
Bequests	22%	18%	20%	21%
Investment Income	4%	6%	6%	6%
All others	1%	1%	9%	9%
	100%	100%	100%	100%

The A.C.S. generalizes its use of funds as follows: "Except for gifts restricted by donors for specific purposes, all contributions received in the annual Cancer Crusade are divided so that 60% is retained by Divisions for their programs of public and professional education, research, service to the cancer patient and for supporting services of fund raising and administration;

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25% is for the Society's nationally administered research program; 3% is for a national program of medical grants and fellowships; 12% is for the National Office programs including technical and advisory help to Divisions in program planning and supporting service activites."

The theorectical breakdown of a dollar's contribution would be as follows:

Contributed	\$1.00
Retained at Division	.60
To National Research	.25
Nat'l Adm. & Fund Raising	.12
Nat'l Med. Grants	<u>.03</u>
 Total Spending	\$1.00

An example of how one large Division spent its 60% share of the contributions is seen below for the New York City Division of the A.C.S. for 1969.

Total Funds Received as Support	\$3,281,782	--
Total Funds Remaining w/Division	\$2,113,734	100%
<u>Expenditures</u>		
Research	5,000	--
Public Education	252,086	12
Professional Education	381,930	18
Patient Services	375,218	18
Community Services	45,304	2
Total Program Services	<u>\$1,059,538</u>	<u>50%</u>
Fund Raising	417,883	21%*
Management & Gen'l.	185,195	9
Total Supporting Services	<u>\$603,078</u>	<u>30%</u>
Total Spending	<u>\$1,662,616</u>	<u>80%</u>
Excess of Revenues over Expenditures	<u>\$415,118</u>	<u>20%</u>

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* Fund raising costs as a percent of total funds raised including that portion given to the National Headquarters equals 13% - a more realistic figure.

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The retention of 20% of contributed funds seems exorbitantly high by any standards. Unfortunately, this is not entirely an isolated case as the combined National Society retained \$3,604,000 in 1969 in unspent funds.

Since a major expense of the A.C.S. is the cost of fund raising, a closer look at the main areas of public support is warranted.

The A.C.S. literature in recent years has stressed that "a legacy or bequest in your will is a lasting affirmative gift to humanity." A detailed look at their sources of funds indicates they have been successful in this endeavor. Legacies of all types has become a major source of funds for the A.C.S. representing 23% of their direct public support for 1969. These funds come in during the entire year and are available to be spent on a continuing basis. On the other hand, the majority of ordinary public contributions are received during the Cancer Crusade period in the Spring.

The A. C. S. Public Support Program for the years 1966 and 1969 can be further broken down as follows:

Contributions from:	<u>1966</u>	<u>1969</u>	change <u>1966 vs. 1969</u>
Individuals	\$24,073,895	\$26,366,844	\$ 2,292,949
Corporations	2,742,040	3,741,766	999,726
Indep. Business	1,584,034	2,499,917	915,883
Govt Employees	2,012,427	2,063,501	51,074
Foundations	796,854	974,446	177,592
Legacies	11,673,973	14,407,712	2,733,740
Clubs, Organizations, memorials, etc.	7,346,829	9,912,382	3,612,133
Special Events		<u>1,046,580</u>	
Total Public Support	\$50,264,475	\$61,013,148	\$10,748,673

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The major areas of increased contributions have come from legacies and special events and clubs, memorials, etc. Only 21% of the 22% increase in contributions came from the typical "knock-on-doors" type of individual contributions, the area where the major portion of fund raising costs are usually incurred. Since 1966, the A.C.S.'s fund raising costs have increased by 33%, much faster than the total increase in public support.

Expenditures

The broad categories of spending are presented below for the total A.C.S. organization during the years 1966 - 1969.

<u>Combined Expenditures (000's)</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Research	\$12,714	\$18,739	\$20,029	\$21,672
Public Education	8,299	9,257	9,384	10,652
Professional Education	4,455	4,746	5,864	6,030
Patient Service	5,547	5,723	6,708	7,315
Community Services	2,414	2,721	3,203	3,600
Total Program Services	<u>\$33,429</u>	<u>\$41,187</u>	<u>\$45,190</u>	<u>\$49,269</u>
Management & General	\$ 4,133	\$ 4,512	\$ 5,110	\$ 5,454
Fund Raising	5,199	5,633	6,573	6,899
Total Supporting Services	<u>\$ 9,332</u>	<u>\$10,145</u>	<u>\$11,683</u>	<u>\$12,353</u>
Total Expenditures	<u>\$42,761</u>	<u>\$51,332</u>	<u>\$56,873</u>	<u>\$61,622</u>
Excess Revenues over Expenditures	\$10,178	\$ 3,038	\$ 2,121	\$ 3,604

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<u>Expenditures as %</u>	<u>1966</u>	<u>1967</u>	<u>1968</u>	<u>1969</u>
Research	30%	37%	35%	35%
Public Education	20%	18%	17%	17%
Professional Education	10%	9%	9%	10%
Patient Service	13%	11%	12%	12%
Community Services	6%	5%	6%	6%
Total Program Services	<u>79%</u>	<u>80%</u>	<u>79%</u>	<u>80%</u>
Management & General	9%	9%	9%	9%
Fund Raising	<u>12%</u>	<u>11%</u>	<u>12%</u>	<u>11%</u>
Total Supporting Services	<u>21%</u>	<u>20%</u>	<u>21%</u>	<u>20%</u>
Total Expenditures	100%	100%	100%	100%

Examining the 1969 expenditures in more detail on a functional basis, the following is seen (figures only available for 1969):

A.C.S. Expenditures 1969

Awards and Grants (Research Grants \$20,170,560)	\$23,651,735
Salaries, Benefits, Payroll taxes	\$20,307,309
General Office Expenses (including \$2,260,995 rent) (but excluding salaries)	\$ 6,090,134
Special Assistance to Patients	\$ 3,040,721
Travel & Meetings	\$ 3,453,951
Printing & Visual Aids	\$ 3,811,286
All Others	<u>\$ 1,266,800</u>
TOTAL	\$61,621,936

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From this type of analysis it is easily seen that for 1969 total payroll costs were in excess of total research grants and awards, and that travel and meeting expenses were larger than the specific assistance given to patients.

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With a total full-time staff of 1,900 for the A.C.S., its Divisions and local units, the average cost per employee is about \$10,600 for 1969 which approximates the average employee cost in the United States for Philip Morris.

Research

To put the A.C.S. research expenditures into a better frame of reference, the following background information is presented.

U.S. Public Health Service

<u>Cause of Death</u>	<u>1968 Death Rate per 100,000</u>	<u>Rank</u>
Cardiovascular Diseases	511.0	1
Cancer	159.6	2
Accidents	55.8	3
Influenza & Pneumonia	34.9	4
Mortality in Early Infancy	21.2	5
Diabetes Mellitus	19.2	6

<u>Disease or Handicap</u>	<u>Guess Estimates Total Cases</u>	<u>Rank</u>
Cardiovascular Diseases	14,600,000	1
Mental Illness	9,200,000	2
Alcoholism	6,500,000	3
Retardation	6,000,000	4
Rheumatiod Arthritis	5,000,000	5
Urinary Tract Infection	3,300,000	6
Diabetes	2,900,000	7
Veneral Disease	2,000,000	8
Cancer	900,000	9
Cerebral Palsy	700,000	10

The death rate from Heart Disease is by far the largest of all causes of death in this country and it is the leading prevalent disease. The death rate from cancer is only 1/3 that of heart disease and the prevalence of cancer is only 1/16 that of heart disease. Yet the promotional efforts of the A.C.S.

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have been such that they have been able to attract total revenues in 1969 of \$65.2 million or almost 50% greater than the \$44.8 million received by the American Heart Association.

In terms of research expenditures, the A.C.S. allocated \$21.6 million in 1969 to research while the Government through the National Cancer Institute spent \$180.7 million. In fact, public tax funds supplied for "Research" to the National Cancer Institute have totaled about \$1,822,633,000 during the past 19 years (1951-70) while the A.C.S. appropriations for research during the past 21 years (1949-70) totaled about \$206,700,000 or 10.2% of the combined total spent on cancer research.

Furthermore, the A.C.S. states in their 1969 Annual Report that "general inflation has diminished the amount of research you get per dollar...." "Just to maintain existing research levels would require up to 10% more money each year, and to pursue the new opportunities and leads that develop, demands at least a 20% expansion annually." With this in mind, the research dollars spent by the A.C.S. increased from \$13.4 million in 1963 to \$21.7 million in 1969 or at a 8.4% average annual compounded growth rate. Therefore, the A.C.S., by their own statement, is not providing as much cancer research effectiveness as they did in 1963.

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This would indicate that the A.C.S.'s budgeting policy of straight income allocation by a set percentage system does not allow sufficient funds to offset the inflationary pressure on the research dollar. Today, the A.C.S. is not receiving the same level of research per dollar spent. This seems more a function of their internal policy rather than insufficient contributions. If they maintain the same budgetary procedures - approximately 35% of spending for research - they will require a total expenditure program of \$170 million in 1980 just to maintain 1969's research effectiveness level.

The A.C.S. does not detail their research expenditures by any meaningful breakdown. (Attached is a listing by schools for A.C.S. Grants and fellowships).

The following is the best "guesstimate" available from public sources of where the A.C.S. is putting its research money:

Tobacco Research	\$ 750,000
Leukemia	2,000,000
All Other	<u>18,950,000</u>
Total	\$21,700,000

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Unethical Promotion

The National Information Bureau has indicated that in 1963 they found the A.C.S.'s promotion "so exaggerated and misleading" that the A.C.S. failed to meet the N.I.B. Standard #5 calling for ethical promotions.

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In 1970, one of the A.C.S. chapters gave the impression that the A.C.S. was forced in 1969 to turn down \$7,000,000 "in priority grants" for research "due to lack of funds." At year end in 1969, the A.C.S. had unspent revenues of \$3,600,000.

In a prior year, a large local chapter placed at the top of the page on "Patient Care" in its annual report the claim - "No one is ever turned away..." When families in need of help call on the Society as a result of this type of claim, they are likely to discover that frequently the A.C.S. can do little for them of an important nature - except to tell them to seek help from other sources in the community.

Staff

A previously noted, the A.C.S. has a full-time staff of 1,900 with a controlling board of 107, half of which are physicians and dentists.

The board met three times in 1969 with an average attendance of 86. The executive committee consists of 25 board members and met twice in 1969 with an average attendance of 18.

Attached is a list of the national and staff officers and a brief biography of each of the more important officers.

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AMERICAN CANCER SOCIETY, INC.

NATIONAL OFFICERS

Mrs. Albert D. Lasker
Honorary Chairman of the Board of Directors

William B. Lewis
Chairman of the Board of Directors

Jonathan E. Rhoads, M.D.
President

Charles R. Ebersol
Vice Chairman of the Board of Directors

H. Marvin Pollard, M.D.
Vice President and President-Elect

A. H. Letton, M.D.
Chairman of the Medical and Scientific Committee

Mrs. Wilfred D. Keith
Vice President

W. Armin Willig
Chairman of the Executive Committee

Thomas P. Ulmer
Treasurer

Joseph S. Silber
Secretary

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STAFF OFFICERS

Lane W. Adams
Executive Vice President

Richard P. McGrail
Deputy Executive Vice President

Richard P. Mason, M.D.
Senior Vice President for Research

Arthur I. Holleb, M.D.
Senior Vice President for Medical Affairs

STAFF OFFICERS (cont.)

Sidney L. Arje, M.D.
Vice President for Clinical Investigation

Charles H. Gingles, M.D.
Vice President for Medical Administration

Roald N. Grant, M.D.
Vice President for Professional Education

William M. Markel, M.D.
Vice President for Service to the Cancer Patient

George T. Britton, M.D.
Vice President for Area Medical Affairs

Raymond H. Bunshaw, M.D.
Vice President for Area Medical Affairs

H. J. Sannan, M.D.
Vice President for Area Medical Affairs

E. Cuyler Hammond, Sc.D.
Vice President for Epidemiology and Statistics

Charles P. Taylor
Vice President for Field Services

Irving Rimer
Vice President for Public Information

John L. Ewing
Vice President for Crusade

Walter G. James
Vice President for Public Information

George Krogenas
Vice President for Administration

Louis Davis
Coordinator of Operations

Charles F. List
Comptroller

Norman R. Hollis
Assistant Secretary

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AMERICAN CANCER SOCIETY

William B. Lewis - Chairman of the Board of Directors

Born: **REDACTED**
University of Missouri 1922-24

Advertising copy writer, various agencies 1924-35; director of programs 1936-37, vice president in charge of programs 1937-41 Columbia Broadcasting System; Coordinator of government radio, Office of Facts & Figures, Washington, D.C. 1/41-6/42; Chief Domestic Radio Bureau, Office of War Information 6/42-1/43; Asst. Dir. Domestic Branch, Office of War Information 1/43-6/43. Consultant: CBS 8/43-8/44; vice president Kenyon & Eckhardt 1944-51, then president 1951-60 and board chairman 1960-67. Lives in NYC.

Jonathan E. Rhoads, M.D. - President

Born: **REDACTED**
A.B.Haverford College 1928, D.Sc. 1962
M.D. Johns Hopkins 1932
D.Sc. University of Pennsylvania 1940, LLD 1960

surgeon - Hospital of University of Pennsylvania, Pennsylvania Veterans Hospital, Children's Hospital of Pennsylvania. Presently (since 1959) Director Harrison Department of Surgical Research, Univ. Pa. Director: Pennsalt Chemical Corp., Provident Life Insurance Co. Trustee: Bryn Mawr College, Bur.State Services V.A. Has held several positions with ACS including delegate, Director at large, regent, chairman of the board of regents. Holds positions with several medical associations including American Asso. of Cancer Research. Author (with J. M. Howard) of "Trends in Modern American Society" and also articles in medical journals and chapters in books. Lives in Philadelphia.

H. Marvin Pollard, M.D. - Vice President and President-Elect

Born: **REDACTED**
M.D. University Michigan 1931, M.S. 1938

University of Michigan Hospital since 1931 - presently professor. Holds positions in various medical associations Lives in Ann Arbor, Mich.

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AMERICAN CANCER SOCIETY

W. Armin Willig - Chairman of the Executive Committee

Born: [REDACTED]
B.A. Univ Louisville 1934

report writer Dun & Bradstreet 1934-37
sales dept. Jefferson Island Salt Co. 1937-42
industrial relations director Girdler Corp. 1942-52
v.p. sales American Commercial Lines 1952-63
Director: Ohio Falls, Inc., Louisville; Harvest Towing Co.,
First State Bank, Lyon County.

Clubs: Louisville Country, Pendennis.
With ACS since 1962 - present of Ky division 1959, recipient of
Distinguished Service Medal ACS in 1957. Active in local civic
affairs. Lives in Louisville, Ky.

Lane W. Adams - Executive Vice President

Born: [REDACTED]
Univ. Utah 1931-33
Graduate School of Banking Rutgers U. 1938-40

mem. exec. committee Zions First National Bank, Salt Lake City 1949-59;
director ACS 1948-59, treasurer 1953-59, exec. v.p. 1959 to present.
Director: Carte Blanche Corp.; member Nat. Adv. Cancer Council 1957-58;
Nat. Adv. Allergy & Infectious Disease Council; State director
Selective Service for Mo.; board regents Graduate School Banking,
Rutgers.

Clubs: Alta (Salt Lake City), Apowamic (Rye, N.Y.); Metropolitan (NYC).
Lives in New York City. Office: 219 East 42nd Street.

Richard P. Mason, M.D. - Senior V.P. for Medical Affairs

Born: [REDACTED]
Kansas State College 1927-29
A.B. Washington U. (St. Louis 1932 MD '36

Intern Brooke General Hospital, Texas; commd. 1st lt., M.C., U.S.
Army 1937, advanced through grades to col. in 1950. Infectious
disease research Walter Reed Army Inst. Research 1947-51, dir.
1956-61, comdg. officer 406 Med. Gen. Lab. 1951-54† Retired 1961.
Consultant: Inst. Def. Analysis 1961-63, Phillip Inst. 1961-pres.
Associated with various medical associations including American
Association of Cancer Research. Specialist research respiratory
and intestinal disease, cancer. Lives in NYC. Business address
listed as 219 E. 42nd Street (Office of ACS).* Chief med. research
div. Office Surgeon General 1954-56.

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AMERICAN CANCER SOCIETY

E. Cyler Hammond, Sc.D. - V.P. for Epidemiology & Statistics

Born: R
B.S. Yale 1935 M.A. 1953
Sc.D. Johns Hopkins 1938.

dir. statis. research sect. ACA 1946-66, present position since '66.
clin prof. community medicine Mt. Sinai School of Medicine since
1966. Prof. biometry, dir. grad. studies Yale 1953-58 also chmn.
univ. exec. com. statistics. Lectr. preventive and environmental
medicine Albert Einstein College of Medicine. Consultant dept.
of biology Brookhaven Nat. Laboratory. Member scientific advisory
panel Research to Prevent Blindness Inc. Served as maj. USAAF,
1942-46. Recipient Willaim R. Belknap award for excellence in
biol. studies 1935. Fellow Am. Pub. Health Asso. Contributes
articles to professional journals. Lives NYC. Bus. 219 E 42 St.
(ACS Office).

Charles P. Taylor - Vice President for Field Services

Born: R
Transylvania College 1939.

Special asst. to dir. NYA in Ky. 1939-41. with ACS since 1947.
Board of Directors Transylvania College 1950-55. Served as capt.
AUS 1941-46. Lives in Westport, Conn.

George Krogenas - Vice President for Administration

Born: R
B.B.A. College City of New York 1939

Supr. gen. accounting dept. Borden's Farm Products 1934-42. With
ACS since 1946. Mem. com. for devl. uniform accounting procedures
for vol. health agys. National Health Council 1960 to present.
Served to lt. col. AUS 1942-46. Lives in Huntington, N.Y. Bus.
219 East 42nd St.

Arthur I. Holleb, M.D. - Sr. V. P. for Medical Affairs

Born: R
A.B. Brown University 1941
MD. NYU 1944

Queens General Hospital 1944-45; resident tumor surgery and pathology,
Meadowbrook Hospital 1945-46, chief resident general surgery 1948-50,
asst. director tumor service 1954-56; member staff Memorial Hospital
1950 to present, asso. chief medical officer 1966-67, cons. breast
service, surgical dept. 68 to present; asso. vis. surg. James Ewing
Hospital 66-67; mem. staff M.D. Anderson Hospital & Tumor Inst.
1967-68, mem. research staff 1967-68.
Consultant breast cancer study 1968 to present. From instructor
to clin. asso. prof. surgery, Cornell University Medical College
1965-67. Asso. Clinician Sloan Kettering Inst. 1961-67. Asso. prof.
surgery U. Texas. Member: Amer. Asso. Cancer Education. Amer.
Asso. Cancer Research, AMA, Amer. Radium Soc., Lives N.Y.C.
business add: 219 E 42nd St. (ACS office).